

Message Text

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ACTION ARA-10

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CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

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FM AMEMBASSY MEXICO

TO SECSTATE 6478

INFO AMEMBASSY LIMA

C O N F I D E N T I A L MEXICO 9749

E.O. 11652: GDS

TAGS: UNGA, EFIN, MX

SUBJ: US-MEXICAN RELATIONS AS VIEWED BY LOPEZ-PORTILLO

ECONOMIC ADVISOR

AMEMBASSY LIMA FOR ASSISTANT SECRETARY LEWIS

1. SUMMARY: LEWIS AND FRANK CALL ON LOPEZ PORTILLO ECONOMIC ADVISOR IZQUIERDO FOCUSED ON BILATERAL RATHER THAN MULTILATERAL ISSUES. THIS REFLECTED HIS (AND PRESUMABLY LOPEZ-PORTILLO'S) PRIORITIES. IZQUIERDO SAID THAT DESPITE LONG INVOLVEMENT IN MULTILATERAL FORA, HIS ATTENTION IS NOW FOCUSED ON MEXICO'S PROBLEMS FIRST, THEN U.S.-MEXICAN BILATERAL RELATIONS, FOLLOWED BY HEMISPHERIC AFFAIRS. MULTILATERAL DIPLOMACY WAS A DISTANT FOURTH. IZQUIERDO LABELED UNEMPLOYMENT AS MEXICO'S MAJOR PROBLEM AND STATED THAT CLOSER RELATIONS WITH U.S. THROUGH SOME KIND OF PERMANENT MECHANISMS COULD HELP SOLVE THIS PROBLEM IN LIGHT OF ECONOMIC IMPORTANCE OF U.S. TO MEXICO. LOPEZ-PORTILLO HAS ASKED HIM TO PREPARE FOR MEETING WITH PRESIDENT FORD AND IZQUIERDO IMPLIED THAT MEXICANS MAY ASK FOR A STRONGER AND MORE INSTITUTIONALIZED BILATERAL RELATIONSHIP. WHILE DEGREE TO WHICH IZQUIERDO SPEAKS FOR LOPEZ-PORTILLO
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IS UNCERTAIN, WE WERE STRUCK BY RELEGATION OF MULTI-

LATERAL MATTERS TO BACK BURNER AND EMPHASIS ON STRENGTHENING BILATERAL RELATIONS. END SUMMARY.

2. RAFAEL IZQUIERDO BEGAN SESSION WITH ASSISTANT SECRETARY LEWIS AND MR. FRANK BY NOTING THAT IN THE COURSE OF LOPEZ-PORTILLO'S CAMPAIGN IT BECAME APPARENT THAT MEXICO'S MAJOR PROBLEM WAS UNEMPLOYMENT. HE SAID THE NUMBER OF FOURTEEN YEAR-OLDS ENTERING LABOR FORCE IN 1977 WOULD BE 900,000. THIS EXCLUDES THOSE GOING ON TO SECONDARY SCHOOLS AND GIRLS WHO MAY NOT SEEK WORK. GOM'S MAJOR PROBLEM WAS TO PROVIDE WORK OPPORTUNITIES FOR THESE NEW ENTRANTS TO LABOR FORCE. THIS WOULD, HE SAID, REQUIRE CLOSE RELATIONS WITH U.S., HENCE BILATERAL RELATIONS WERE NEXT IN IMPORTANCE TO MEXICO'S DOMESTIC PROBLEMS. HEMISPHERIC RELATIONS WERE OF TERTIARY CONCERN AND MULTILATERAL AFFAIRS HAD NOT BEEN OF GREAT INTEREST TO HIM SINCE JOINING THE LOPEZ-PORTILLO CAMPAIGN TEAM LAST SEPTEMBER. IZQUIERDO SEEMED UNINTERESTED IN DEVELOPMENTS IN THE MULTILATERAL FORA IN SPITE OF HIS LONG PERSONAL INVOLVEMENT WHICH HE TRACED TO THE MID-FIFTIES. ASSISTANT SECRETARY LEWIS POINTED OUT THE RELATIONSHIP BETWEEN MULTILATERAL DIPLOMACY AND BILATERAL RELATIONS. IZQUIERDO RECOGNIZED THIS AND NOTED THAT MANY SPEECHES IN MULTILATERAL FORA WERE FOR HOME CONSUMPTION.

3. IZQUIERDO EMPHASIZED THAT STRONG BILATERAL RELATIONS WITH THE U.S. WERE ESSENTIAL TO COPE WITH UNEMPLOYMENT. HE MENTIONED THE NEED TO INCREASE MEXICO'S EXPORTS TO THE U.S. OF GOODS AND SERVICES. RE THE FORMER, HE EXPRESSED CONCERN ABOUT NON-TARIFF BARRIERS BUT INDICATED AWARENESS OF DOMESTIC POLITICAL PROBLEMS THAT RESULT IN THEIR USE. HE NOTED THAT HIS SMALL TEAM WAS FOCUSING ITS STUDIES ON LONG-RANGE PROJECTIONS OF THE U.S. ECONOMY. ITS INTEREST WAS NOT FOCUSED SO MUCH ON THE ENTIRE ECONOMY AS IT WAS ON PROSPECTS FOR THE BORDER STATES. ALSO, IT WAS INTERESTED IN THE PROSPECTIVE DEMAND FOR SERVICES THAT MEXICAN LABOR COULD PROVIDE. AT THE SAME TIME, HE SAID THAT HE (AND PRESUMABLY LOPEZ-PORTILLO) RECOGNIZED THE NEED FOR FOREIGN INVESTMENT AS A GENERATOR OF EMPLOYMENT IN MEXICO.

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4. WHILE DOWNPLAYING THE ROLE OF MULTILATERAL FORA IN HIS PRESENT PRIORITIES, IZQUIERDO NOTED THAT LOPEZ-PORTILLO HAD HAD CONSIDERABLE EXPERIENCE IN INTERNATIONAL MEETINGS AS A RESULT OF HIS EXPERIENCE AS FINANCE MINISTER. HE CITED EXAMPLE OF LOPEZ-PORTILLO SAYING, IN REFERENCE TO IMF MEETING, THAT ONLY U.S., GERMAN, FRENCH, AND JAPANESE SPEECHES WERE OF IMPORTANCE. THIS, HE IMPLIED, INDICATED THAT

LOPEZ-PORTILLO HAD A SENSE OF PROPORTION AS REGARDS
MULTILATERAL DIPLOMACY. HE ALSO NOTED THAT WHEREAS
LOPEZ-PORTILLO UNDERSTOOD ENGLISH WELL, HE WAS FRUSTRATED
BY HIS INABILITY TO EXPRESS HIMSELF IN ENGLISH.

5. IZQUIERDO TIME AND AGAIN EMPHASIZED THE IMPORTANCE
OF A STRONGER BILATERAL RELATIONSHIP. HE SAID THAT
MEXICO AND THE U.S. NEEDED A MORE INSTITUTIONALIZED MEANS
OF LOOKING AT U.S.-MEXICAN RELATIONS OVER THE LONGER TERM,
WITH PARTICULAR REFERENCE TO MEXICO'S UNEMPLOYMENT PROBLEM.
HE EXPRESSED CONCERN THAT THE HIGH-LEVEL CONTACTS TO DATE
WERE SUPERFICIAL TO A CERTAIN DEGREE, BY ONLY DEALING
WITH THE IMMEDIATE AS OPPOSED TO THE LONGER-RANGE PROBLEMS.
HE REJECTED THE VIEW THAT STRONGER TIES SHOULD BE VIEWED
AS A SIGN OF WEAKNESS OR DEPENDENCE ON THE PART OF MEXICO
BY STATING THAT MEXICO WAS GROWN-UP AND COULD HOLD ITS OWN.

6. REGARDING THE MEXICAN ECONOMY, IZQUIERDO SAID THAT A
TOUGH TWO TO THREE YEARS WERE IN STORE BEFORE MEXICO COULD
RESUME A HIGH GROWTH RATE.

7. IZQUIERDO SAID THAT LOPEZ-PORTILLO HAD REQUESTED INFO TO
PREPARE FOR A MEETING WITH PRESIDENT FORD. HE SAID THERE
WERE THREE MAJOR BILATERAL ISSUES: (1) UNEMPLOYMENT,
(2) TRADE AND (3) DRUGS. HE EXPRESSED PREFERENCE TO
REMAIN REMOVED FROM THE THIRD.

8. COMMENT: WE WERE STRUCK BY IZQUIERDO'S LACK OF INTEREST
IN MULTILATERAL AFFAIRS IN SPITE OF HIS LONG PERSONAL
INVOLVEMENT. WHILE WE DO NOT KNOW DEGREE OF INFLUENCE
IZQUIERDO HAS ON LOPEZ-PORTILLO, WE SUSPECT IT IS
SIGNIFICANT, AND BELIEVE IT IS LIKELY THAT IZQUIERDO'S
VIEWS REFLECT THOSE OF THE NEXT PRESIDENT.
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9. THIS MESSAGE PREPARED AFTER LEWIS' DEPARTURE.
JOVA

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NNN

Message Attributes

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